



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
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BETTY T. YEE  
First District, San Francisco

SEN. GEORGE RUNNER (RET.)  
Second District, Lancaster

MICHELLE STEEL  
Third District, Orange County

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

CYNTHIA BRIDGES  
Executive Director

STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento

PRELIMINARY RECORD OF BOARD ACTION

Tuesday, June 11, 2013

The following is a preliminary record of Board actions taken at the June 11, 2013 Sacramento Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Claudia Madrigal at 916-322-1931 or email: [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**Board Committee Meetings** – Please see Page 10, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

**Board Meeting**

A. Homeowner and Renter Property Tax Assistance Appeals Hearings  
There are no items for this matter.

**B. Corporate Franchise and Personal Income Tax Appeals Hearings**

B1. ~~FNB Bancorp, 596038~~

B2. Emmis Communications Corporation, 547964

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal granted.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	No
	Mr. Chiang/ Ms. Mandel	Yes

**C. Sales and Use Tax Appeals Hearings**~~C1a. Amador Patino and Gerardo Javier Guzman, 532069, 549106 (CH)~~~~C1b. La Primavera Products Svcs., Inc., 550549 (CH)~~

C2. Paul Anthony Wassem, 535330 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
The Board directed staff to inform the taxpayer of the Offer in Compromise program and of payment options.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

~~C3a. Ardyssa California, Inc., 560909 (AA)~~~~C3b. Ardyss International, Inc., 561575 (EH)~~~~C4. Theresa Galea DeRouen, 526948 (BH)~~

There are no items for the following matters:

D. Special Taxes Appeals Hearings

E. Property Tax Appeals Hearings

**F. Public Hearings**

F1. Timber Harvest Values

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

F2. Proposed Adoption of Amendments to Cigarette and Tobacco Products Licensing Act (Act) Regulations 4601, *Service of a Notice of Violation or Warning Notice*, 4603, *Penalties for Licensed or Unlicensed Retailers*, 4604, *Penalties for Licensed or Unlicensed Wholesalers and Distributors*, and 4605, *Penalties for Licensed or Unlicensed Manufacturers and Importers*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

F3. Proposed Adoption of Amendments to Property Tax Rule 462.040,  
*Change in Ownership – Joint Tenancies*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**G. Tax Program Nonappearance Matters – Consent**

G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
  1. David Michael Glass and Cecilia A. Sahm-Glass, 512133 (JH)
  2. Richard Alvin Hamilton, 592324 (CH)
- Petitions for Release of Seized Property
  3. St. Abraam Business Invest Group, 681992 (STF)
  4. Balraj Singh Dhillon, 682007 (STF)

G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
  1. Shonna Beach, 563270
  2. Barbara Brown, 561362
  3. Frank F. Chen and Susan H. Chen, 603431
  4. Keith Costello, 432902
  5. Florence Fang, 587071
  6. William Freeman, 585926
  7. Jo A. Garcia, 530560
  8. Vijaya Gummadi and Rose Gummadi, 554793
  9. Gregory A. Hammonds, 496847
  10. Li-Mei Echo Hsueh, 573978

11. David M. Kupfer and Kelley J. Kupfer, 575345
12. Gabriel Martinez and Piedad Perez, 600106
13. Francois Masciopinto and Delphine Masciopinto, 593169
- 14a. Michael Edwin Napoliello, 435098
- 14b. Kosti Shirvanian and Marian Shirvanian, 351829
- 14c. James P. Rhodes and Julie A. Rhodes, 461388
- 14d. Stanley Ross and Marilyn B. Ross, 461997
- 14e. Peter Thomas and Stacy Thomas, 450982
- 14f. Ahmadreza Rofougaran and Neda Semsar, 357311
- 14g. Estate of William E. Simon and Tonia A. Simon, 362327
- 14h. Jason Moskowitz and Wendy Moskowitz, 435095
- 14i. Leonard I. Green (Dec'd), 346243
- 14j. Sean K. Tayebi, 352188
- 14k. Lodwick M. Cook and Carole D. Cook, 389000
- 14l. Denis R. Brown and Margaret Brown, 341479
- 14m. Frank M. Goldberg and Lee Goldberg, 350470
- 14n. Donald Munro and Julie A. Simon, 348939
- 14o. Charles Michael Carter and Diane K. Carter, 342745
- 14p. James McCloskey and Maureen McCloskey, 348736
- 14q. Edwin O. De Silva, 342162
- 14r. Ravinder Sethi and Risham Sethi, 343001
- 14s. Paul Marciano, 348732
- 14t. Armand Marciano, 343109
- 14u. Maurice Marciano, 349026
15. Cort O'Haver and Rachael O'Haver, 609862
16. Albert E. Quackenbush IV, 593991
17. Craig Rentle and Barbara Rentle, 596459
18. Hassan Saberi, 597468
19. Ricky Washington, 588735

G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.

G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

➤ Redeterminations

1. Konica Minolta Bus Solutions U.S.A., 577445 (OH)
2. Airgas-West, Inc., 418893 (AA)
3. Road Runner Sports, Inc., 595718 (FH)
4. Alexander Michael Pistone, 522521 (FH)
5. Planet Fortune, Inc., 577426 (AP)
6. Charles Franklin Newcomb, 631073 (AS)

- Relief of Penalty/Interest
  7. Mc-Donald's Restaurants Calif., Inc., 722795 (OH)
  8. PVH Retail Stores, Inc., 722798 (OH)
- Denial of Claim for Refund
  9. Automotive Funding Group, Inc., 557529 (EA)
- Grant-One Day Interest Relief
  10. Mel-Jen, 722250 (AS)
  11. Benicia Fabrication & Machine, Inc., 722258 (JH)
  12. Bruker Nano, Inc., 722260 (GH)
  13. Meyer Global, Inc., 722263 (AR)
  14. B & H Education, Inc., 722261 (AS)
  15. S.J. Craig Corporation, 722262 (AS)
  16. Eagle Marine Services LTD, 722257 (CH)
  17. Cambria Company, LLC, 722256 (OH)
  18. His Place #2, LLC, 722252 (BH)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 4 and 12.

- Credits and Cancellations
  1. Big O Tires, Inc., 722865 (OH)
  2. Arthur Valle, Jr., 531175 (AS)
  3. Kourosh Hakimpoor, 721999 (AS)
- Refunds
  4. Walt Disney Pictures & Television, 715877 (OH)
  5. A K H Company Incorporated, 715850 (EA)
  6. Scripps Health, 611070 (FH)
  7. Children's Hospital Health Center, 570167 (FH)
  8. American Material MGT Alliance, Inc., 573962 (EH)
  9. Rumsey Band Wintun Indians, 623751 (JH)
  10. Des Aviation, LLC, 607662 (UT)
  11. Gor Acquisition Corp., 444431 (AS)
  12. The Walt Disney Company, 715871 (OH)
  13. Granite Rock Company, 710792 (GH)
  14. Coasthills Federal Credit Union, 596912 (GH)
  15. Stanford Federal Credit Union, 600607 (GH)
  16. KFC Corporation, 609888 (OH)
  17. Automotive Funding Group, Inc., 557529 (EA)
  18. Sonic - Santa Monica M, Inc., 570839 (AS)
  19. Financial Partners Credit Union, 711964 (AA)
  20. Sonic Calabasas M, Inc., 531145 (AC)
  21. Dorothy K. Nishimoto, 712958 (DF)
  22. Kimberly-Clark Global Sales, Inc., 625017 (OH)

23. Bankers Auto Acceptance Corp., 623741 (AA)
24. Orchard Supply Hardware, LLC, 717032 (GH)
25. Ixmation, Inc., 649578 (OH)
26. Optical Coating Laboratory, LLC, 609826 (JH)
27. Storage Solutions, 708601 (OH)
28. Ready Tech Go, Inc., 716853 (OH)

## G6. Special Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

- Redeterminations
  1. Sentry Insurance, A Mutual Co., 254101 (STF) 'CF'
  2. Mercury Casualty Company, 216497 (STF) 'CF'
  3. Mercury Insurance Company, 216498 (STF) 'CF'
  4. Sentry Select Insurance Company, 250591 (STF) 'CF'
  5. Philadelphia Indemnity Ins. Co., 250592 (STF) 'CF'
  6. Golden Eagle Insurance Corp., 306238 (STF) 'CF'
- Relief of Penalty
  7. Flyers Energy LLC, 707698 (STF) 'CF'
  8. Flyers Energy LLC, 707699 (STF) 'CF'
- Denial of Claim for Refund
  9. Liberty Life Assurance Co./Boston, 223992 (STF) 'CF'

## G7. Special Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

- Credits and Cancellations
  1. Peerless Insurance Company, 250594 (STF) 'CF'
  2. Chicago Title Insurance Co., 572473 (STF) 'CF'
- Refund
  3. PHL Variable Insurance Company, 608368 (STF) 'CF'

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

**H. Tax Program Nonappearance Matters – Adjudicatory****H1. Legal Appeals Matters**

## ➤ Hearing Notices Sent – No Response

## 1. Bar Codes Unlimited, Inc., 523577 (FH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## 2. Josie Rowe, 538662 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## ➤ Section 40 (AB 2323) Matters

## 3. Tri-Signal Integration, Inc., 384478 (AC)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopt the summary in regards to legal issue 1.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes
<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopt the summary in regards to legal issues 3 and 4.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes
<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopt the summary in regards to legal issue 2.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	No
	Mr. Chiang/ Ms. Mandel	No

There are no items for the following matters:

- H2. Franchise and Income Tax Matters
- H3. Homeowner and Renter Property Tax Assistance Matters
- H4. Sales and Use Taxes Matters
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters
- H9. Cigarette License Fee Matters
- H10. Legal Appeals Property Tax Matters

### **I. Tax Program Nonappearance Matters**

#### **I1. Property Taxes Matters**

##### **➤ Audit**

##### **1. MetroPCS California, LLC (2733) 'CF'**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

#### **I2. Offer in Compromise Recommendations**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- 1. Karmjut Singh Buttar
- 2. Thomas James Charlebois
- 3. Jill L. Johnson
- 4. Kay & Kai Corporation
- 5a. Leoma Reed Perry
- 5b. Leoma R. Perry, Inc.
- 6. Jose Vicente Reyes
- 7. Ziad George Richa
- 8. Alicia Shelton
- 9. Triseven Corporation

#### **I3. Local Tax Reallocation Matters**

There are no items for this matter.



**Chief Counsel Matters****J. Rulemaking**

- J1. Proposed Amendments to the Board of Equalization *Rules for Tax Appeals* (RTA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**Section 100 Changes**

- J2. Regulation 1703, *Interest and Penalties*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

**Administrative Session****N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- N1. Retirement Resolutions
- Dan Bertuldo
  - Sherri M. Quint
- N2. Approval of Board Meeting Minutes
- November 14-15, 2012

**O. Adoption of Board Committee Report and Approval of Committee Actions****O1. Business Taxes Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Postponed to the next Board Meeting. For details see: <a href="http://www.boe.ca.gov/meetings/btc2013.htm">http://www.boe.ca.gov/meetings/btc2013.htm</a>	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	

**P. Other Administrative Matters****P1. Executive Director's Report**

1. Report on time extensions to Alpine, El Dorado, Lassen, Los Angeles, Madera, Plumas, Santa Cruz, Sonoma, and Tehama Counties to complete and submit 2013/14 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155.
- ~~2. 2013 Board Calendar Adjustment~~
- ~~3. Consideration of New Board of Equalization Logo~~
4. CROS Project Update and Actions

**P2. Chief Counsel Report**

There are no items for this matter.

**P3. Sales and Use Tax Deputy Director's Report**

1. Sales and Use Tax Department Update

**P4. Property and Special Taxes Deputy Director's Report**

1. Fire Prevention Fee Program Update

**P5. Administration Deputy Director's Report**

1. Facilities Update
- ~~2. 2013/14 Budget Update~~

3. 2014/15 Budget Concepts

Concepts will be presented for Board direction and input to develop into Budget Change Proposals for possible inclusion in the Governor's Fiscal Year 2014/15 Budget.

- a. Tax Gap II and Lumber Products Assessment
- b. Southern California Appeals and Settlement Unit
- c. Fire Prevention Fee
- d. Valuation Factors Studies for County-Assessed Properties
- e. Intrusion Detection/Intrusion Prevention System – Information Security
- f. Headquarters Consolidation
- g. CROS Project (Phase II) – Placeholder

There are no items for the following matters:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report

**Q. Closed Session**